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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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Securities and Exchange Board  
**RECEIVED**

APR 17 2008

Office of Compliance Inspection  
and Examinations

**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER  
8-005940

16055

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING FEBRUARY 1, 2007 AND ENDING JANUARY 31, 2008  
MM/DDYY MM/DDYY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:  
RUSHMORE CAPITAL, INC.  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
160 SUMMIT AVENUE

OFFICIAL USE ONLY  
FIRM I.D. NO.

(No. and Street)  
MONTVALE, NJ 07645  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
HARRY LEFKOWITZ (201) 476-0900  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
WOLINETZ, LAFAZAN & COMPANY, P.C.

(Name - if individual, state last, first, middle name)  
5 NORTH VILLAGE AVENUE, ROCKVILLE CENTRE, NY 11570  
(Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

**PROCESSED**

APR 29 2008 E

**THOMSON REUTERS**

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

4/23/08

OATH OR AFFIRMATION

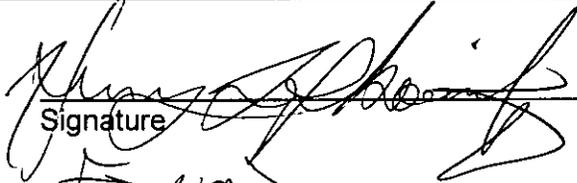
I, HARRY LEFKOWITZ, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of RUSHMORE CAPITAL, INC., as of January 31, 2008, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

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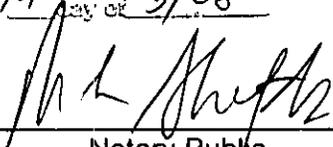
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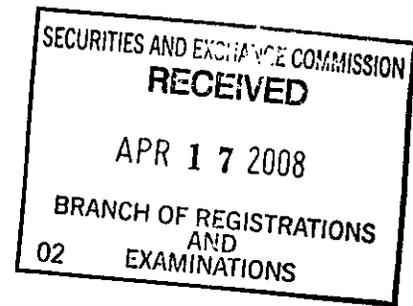
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Signature  
F. L. L. V. O. P.  
Title

Sworn to and subscribed  
before me this  
19 day of 3/08

  
Notary Public

MARK SHEFTS  
Notary Public of New Jersey  
ID # 58321  
Commission Expires Jan. 7, 2012



RUSHMORE CAPITAL, INC.  
REPORT PURSUANT TO RULE 17a-5(d)  
JANUARY 31, 2008

Wolinetz, Lafazan & Company, P.C.  
*Certified Public Accountants*

RUSHMORE CAPITAL, INC.  
Financial Report  
January 31, 2008

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# Wolinetz, Lafazan & Company, P.C.

*Certified Public Accountants*

5 North Village Avenue  
Rockville Centre  
New York 11570  
516-536-0770  
Fax: 516-536-5753  
www.wolafcpa.com

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder  
Rushmore Capital, Inc.

We have audited the accompanying statement of financial condition of Rushmore Capital, Inc. as of January 31, 2008, and the related statements of income (loss), changes in stockholders' equity and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rushmore Capital, Inc. as of January 31, 2008, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. These schedules are the responsibility of the Company's management. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
WOLINETZ, LAFAZAN & COMPANY, P.C.

Rockville Centre, New York  
March 10, 2008

RUSHMORE CAPITAL, INC.  
STATEMENT OF FINANCIAL CONDITION  
JANUARY 31, 2008

**ASSETS**

Cash and cash equivalents	\$ 32,199
Brokerage receivables	105,802
Other assets	23,314
Property and equipment, net	<u>2,726</u>
<b>Total Assets</b>	<b><u>\$ 164,041</u></b>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

<b>Liabilities:</b>	
Accounts payable and accrued expenses	\$ 27,193
Income taxes payable	<u>2,505</u>
<b>Total Liabilities</b>	<b>29,698</b>

**Commitments and Contingencies**

**Stockholders' Equity:**

Common stock, no par value, authorized 1,000 shares, issued 300 shares	\$ 30,295
Additional paid-in capital	58,825
Retained earnings	<u>71,523</u>
	160,643
Less: Cost of treasury stock (50 shares)	<u>( 26,300)</u>

<b>Total Stockholders' Equity</b>	<b><u>134,343</u></b>
<b>Total Liabilities and Stockholders' Equity</b>	<b><u>\$ 164,041</u></b>

The accompanying notes are an integral part of the financial statements.

RUSHMORE CAPITAL, INC.  
STATEMENT OF INCOME (LOSS)  
FOR THE YEAR ENDED JANUARY 31, 2008

**REVENUES:**

Commission income	\$ 818,182
ECN income	10,704
Interest	23,758
Other income	<u>35,544</u>
Total Revenues	888,188

**EXPENSES:**

Compensation – stockholder/officer	\$ 386,253
Employee compensation and benefits	211,908
Regulatory fees and expenses	25,940
Clearing charges	34,630
Communication and data processing	57,718
Other expenses	<u>197,237</u>
Total Expenses	<u>913,686</u>

(Loss) before Provision for Income Taxes ( 25,498)

Provision for Income Taxes 2,505

**NET (LOSS)** \$ ( 28,003)

The accompanying notes are an integral part of the financial statements.

RUSHMORE CAPITAL, INC.  
 STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY  
 FOR THE YEAR ENDED JANUARY 31, 2008

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Treasury Stock</u>	<u>Total</u>
Balances - February 1, 2007	\$ 30,295	\$ 58,825	\$ 99,526	\$ ( 26,300)	\$ 162,346
Net (loss)	<u>          -</u>	<u>          -</u>	<u>( 28,003)</u>	<u>          -</u>	<u>( 28,003)</u>
Balances - January 31, 2008	<u>\$ 30,295</u>	<u>\$ 58,825</u>	<u>\$ 71,523</u>	<u>\$ ( 26,300)</u>	<u>\$ 134,343</u>

The accompanying notes are an integral part of the financial statements.

RUSHMORE CAPITAL, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JANUARY 31, 2008

Cash Flows from Operating Activities:	
Net (loss)	\$( 28,003)
Adjustments to reconcile net (loss) to net cash (used) by operating activities:	
Depreciation	281
Changes in Operating Assets and Liabilities:	
Brokerage receivables	40,300
Other assets	( 6,423)
Accounts payable and accrued expenses	( 252,254)
Income taxes payable	<u>( 2,495)</u>
Net Cash (Used) by Operating Activities	<u>( 248,594)</u>
Cash Flows from Investing Activities:	
Capital expenditures	<u>( 3,007)</u>
Net Cash (Used) by Investing Activities	<u>( 3,007)</u>
Cash Flows from Financing Activities	<u>-</u>
(Decrease) in Cash and Cash Equivalents	( 251,601)
Cash and Cash Equivalents - Beginning of Year	<u>283,800</u>
Cash and Cash Equivalents - End of Year	<u>\$ 32,199</u>
Supplemental Cash Flow Information:	
Cash paid for income taxes	<u>\$ 5,060</u>
Cash paid for interest	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

RUSHMORE CAPITAL, INC.  
Notes to Financial Statements

**NOTE 1 - Nature of Business and Summary of Significant Accounting Policies**

**Nature of Business**

Rushmore Capital, Inc., (the "Company") is a brokerage firm engaged primarily in retail activities. The Company is a registered broker-dealer with and is a member of the Financial Industry Regulatory Authority, Inc. (the "FINRA").

The Company operates under the provision of Paragraph (k)(2)(ii) of Rule 15c3-3 of the Securities and Exchange Commission and, accordingly, is exempt from the remaining provisions of that Rule. Essentially, the requirements of Paragraph (k)(2)(ii) provide that the Company clear all transactions on behalf of customers on a fully disclosed basis with a clearing broker/dealer, and promptly transmit all customer funds and securities to the clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker/dealer.

**Revenue Recognition**

The Company records client transactions on a trade date basis. The Company is exposed to risk of loss on these transactions in the event a client or broker fails to meet the terms of their contracts, in which case the Company may have to purchase or sell the positions at prevailing market prices.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

**Property and Equipment**

Property and equipment is stated at cost. Depreciation is computed using the straight-line methods over the estimated useful lives of the related assets, which approximates 5 years.

**Income Taxes**

The Company accounts for income taxes in accordance with SFAS No. 109, Accounting for Income Taxes, which requires the recognition of deferred tax liabilities and assets at tax rates expected to be in effect when these balances reverse. Future tax benefits attributable to temporary differences are recognized to the extent that realization of such benefits is more likely than not.

RUSHMORE CAPITAL, INC.  
Notes to Financial Statements

**NOTE 1 - Nature of Business and Summary of Significant Accounting Policies (Continued)**

**Concentration of Credit Risks**

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits.

**NOTE 2 - Brokerage Receivables**

Receivable from broker consists of the following:

Receivable from clearing broker – commissions	\$ 76,991
Clearing broker deposit receivable	<u>28,811</u>
	<u>\$105,802</u>

**NOTE 3 - Property and Equipment**

Property and equipment is summarized as follows:

Office Equipment	<u>\$ 3,007</u>
	3,007
Less: Accumulated Depreciation	<u>281</u>
	<u>\$ 2,726</u>

Depreciation expense was \$281 for the year ended January 31, 2008.

**NOTE 4 - Capital Ratio**

The capital ratio was 28%, versus an allowable maximum of 1500%, pursuant to the Uniform Net Capital Rule 15c3-1, under the Securities Exchange Act of 1934. The Firm's net capital requirement pursuant to said rule is \$5,000. The net capital as computed was \$107,815, leaving an excess over requirements of \$102,815.

**NOTE 5 - Financial Instruments with Off-Balance Sheet Credit Risk**

As a securities broker, the Company is engaged in buying and selling securities for a diverse group of investors. The Company introduces these transactions for clearance to another broker/dealer on a fully disclosed basis.

RUSHMORE CAPITAL, INC.  
Notes to Financial Statements

**NOTE 5 - Financial Instruments with Off-Balance Sheet Credit Risk (Continued)**

The Company's exposure to credit risk associated with non-performance of customers in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile trading markets which may impair the customers' ability to satisfy their obligations to the Company and the Company's ability to liquidate the collateral at an amount equal to the original contracted amount. The agreement between the Company and its clearing broker provides that the Company is obligated to assume any exposure related to such non-performance by its customers. The Company seeks to control the aforementioned risks by requiring customers to maintain margin collateral in compliance with various regulatory requirements and the clearing broker's internal guidelines. The Company monitors its customer activity by reviewing information it receives from its clearing broker on a daily basis, and requiring customers to deposit additional collateral, or reduce positions when necessary. At January 31, 2008, the Company believes that its exposure to such credit risk is immaterial.

The Company is obligated to settle transactions with brokers and/or other financial institutions even if its customers fail to meet their obligations to the Company. Customers are required to complete their transactions on settlement date, generally three business days after trade date. If customers do not fulfill their contractual obligations, the Company may incur losses. The Company has established procedures to reduce this risk by requiring that customers deposit cash and/or securities into their account prior to placing an order. In addition, the Company monitors each of its customers via computer analysis to assess risk of each trade and the customer's overall position.

**NOTE 6 - Income Taxes**

The components of the provision for income taxes are as follows:

Current	
Federal	\$ 945
State	<u>1,560</u>
	<u>\$ 2,505</u>

At January 31, 2008, the Company had available contribution carryforwards for Federal tax purposes of approximately \$24,000, which may be applied against future taxable income, if any, through 2013. Certain significant changes in ownership of the Company may restrict the future utilization of these tax loss carryforwards.

At January 31, 2008, the Company had a deferred tax asset of approximately \$10,000 representing the benefit of its contribution carryforwards. The Company has not recognized the tax benefit because realization of the tax benefit is uncertain and thus a valuation allowance has been fully provided against the deferred tax asset.

RUSHMORE CAPITAL, INC.  
Notes to Financial Statements

**NOTE 7 - Profit Sharing Plan**

The Company sponsors a defined contribution 401(k) profit sharing plan ("the Plan") that covers substantially all employees. Under the Plan, the Company may make a discretionary contribution determined by the Board of Directors. All employees are eligible to participate in the Plan, based on meeting certain age and term of employment requirements. The Company made no matching contributions during the year ended January 31, 2008.

**NOTE 8 - Related Party Transactions**

The Company rents its office facilities on a month-to-month basis from a related party. Rent expense was \$6,000 for the year ended January 31, 2008.

**SUPPLEMENTAL SCHEDULES**

SCHEDULE 1.

RUSHMORE CAPITAL, INC.  
COMPUTATION OF NET CAPITAL UNDER S.E.C. RULE 15c3-1  
JANUARY 31, 2008

CREDIT ITEMS:

Total Stockholders' Equity \$ 134,343

DEBIT ITEMS:

Property and equipment, net \$ 2,726  
Other assets 23,314 26,040

Net Capital Before Haircuts 108,303

Haircuts 488

Net Capital 107,815

Less: Minimum Net Capital Requirement 5,000

Remainder: Net capital in excess of all requirements \$ 102,815

Capital Ratio: (Maximum allowance 1500%)

Aggregate Indebtedness \$ 29,698  
Divided by: Net Capital \$107,815 = 28%

Net Capital Requirement:

Greater of:  
Minimum net capital required (6.67% of \$29,698) \$ 1,981  
Minimum dollar net capital requirement \$ 5,000

SCHEDULE 2.

RUSHMORE CAPITAL, INC.  
RECONCILIATION OF THE COMPUTATION OF NET CAPITAL  
JANUARY 31, 2008

Net capital - per Company's unaudited X-17A-5 Part II A Filing	\$ 102,582
Increase in brokerage receivables	10,446
Increase in accounts payable and accrued expenses	( 2,708)
Increase in income taxes payable	<u>( 2,505)</u>
Net Capital - per report pursuant to Rule 17a-5(d)	<u>\$ 107,815</u>

To the Board of Directors and Stockholder  
Rushmore Capital, Inc.

Gentlemen:

In planning and performing our audit of the financial statements of Rushmore Capital, Inc. ("the Company") for the year ended January 31, 2008, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g) (1) of the Securities and Exchange Commission ("the Commission"), we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Rushmore Capital, Inc. that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a) (II) and in complying with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company (1) in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13; (2) in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System; and (3) in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3 because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5 (g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Rushmore Capital, Inc.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure, including procedures to determine compliance with the exemption provision of Rule 15c3-3, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at January 31, 2007, to meet the Commission's objectives.

This report is intended solely for the use of the Board of Directors, management, the Securities and Exchange Commission, and other regulatory agencies which rely on Rule 17a -5(g) under the Securities and Exchange Act of 1934 in their regulation of registered brokers and dealers and is not intended to and should not be used for any other purposes or by anyone other than these specified parties.

Respectfully submitted,

  
WOLINETZ, LAFAZAN & COMPANY, P.C.

Rockville Centre, New York  
March 10, 2008